

LDS Family Services (UK) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2002



Company Registration No. 1346482
Registered Charity No. 275643

LDS Family Services (UK) Limited

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Year ended 31 December 2002

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LDS Family Services (UK) Limited

DIRECTORS AND OFFICERS

31 December 2002

DIRECTORS

F M Riley
H C Brown
J Dodd

SECRETARY

J Dodd

COMPANY NUMBER

1346482 (England and Wales)

REGISTERED CHARITY NUMBER

275643

REGISTERED OFFICE

1st Floor
399 Garretts Green Lane
Garretts Green
Birmingham
B33 0UH

AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

HSBC Bank plc
34 Poplar Road
Solihull
West Midlands B91 3AF

LDS Family Services (UK) Limited

DIRECTORS' REPORT continued

The directors, who are the charity's trustees, submit their report and financial statements of LDS Family Services (UK) Limited for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are to arrange for the adoption and fostering of children and the provision of counselling services. The company terminated the operation of its Adoption Agency effective 30 September 2003.

The company is a registered charity and its governing documents are its Memorandum and Articles of Association.

RESULTS AND DIVIDENDS

The excess of expenditure over charitable income for the year has been met by The Corporation of the President of the Church of Jesus Christ of Latter-day Saints.

The directors do not recommend the payment of a dividend.

RESERVES

The policy is to hold reserve balance at nil. The balance at the year end was nil.

DIRECTORS

The following directors have held office since 1 January 2002:-

H C Brown
J Dodd
F M Riley

DIRECTORS' INTERESTS IN SHARES

None of the directors' had, at any time during the year, a beneficial interest in the share capital of the company.

GOVERNANCE AND INTERNAL CONTROL

The directors have considered the risks the charity is exposed to and have ensured that there are suitable controls in place to mitigate those risks.

LDS Family Services (UK) Limited

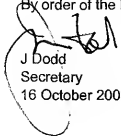
DIRECTORS' REPORT continued

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a limited liability partnership (LLP) on 1 January 2003, PricewaterhouseCoopers resigned on 5 March 2003 and the directors appointed its successors, PricewaterhouseCoopers LLP as auditors.

A resolution to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



J Dodd
Secretary
16 October 2003

LDS Family Services (UK) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors' are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors' are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
LDS FAMILY SERVICES (UK) LIMITED**

for the year ended 31st December 2002

Independent auditors' report to the members of LDS Family Services (UK) Limited

We have audited the financial statements which comprise the statement of financial activities, the balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors also act as trustees for the charitable activities of LDS Family Services (UK) Limited. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**AUDITORS' REPORT TO THE MEMBERS OF
LDS FAMILY SERVICES (UK) LIMITED**

for the year ended 31st December 2002

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31 December 2002 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

16 October 2003

LDS Family Services (UK) Limited

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
Incoming resources			
Charitable work performed		145,625	95,465
Subsidy from parent company		127,410	180,864
Total incoming resources		<u>273,035</u>	<u>276,329</u>
Resources expended			
Direct charitable expenditure	4	273,035	276,329
Total resources expended		<u>273,035</u>	<u>276,329</u>
Net Incoming/(outgoing) resources		-	-
Fund balances brought forward at 1 January 2002		-	-
Fund balances carried forward at 31 December 2002		<u>-</u>	<u>-</u>

The Statement of Financial Activities constitutes an Income and Expenditure account for the purposes of the Companies Act 1985.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

The result for the year arises from the company's continuing activities.

The notes on pages 11 to 15 form part of these financial statements.

LDS Family Services (UK) Limited

Balance Sheet as at 31st December 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
FIXED ASSETS			
Tangible assets	5	18,849	21,362
CURRENT ASSETS			
Debtors	6	31,979	24,646
Cash at Bank and in hand		201	3,577
		<u>32,180</u>	<u>28,223</u>
CREDITORS			
Amounts falling due within one year	7	<u>(50,929)</u>	<u>(49,485)</u>
NET CURRENT LIABILITIES		<u>(18,749)</u>	<u>(21,262)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
SHAREHOLDERS' FUNDS - UNRESTRICTED	9	<u>100</u>	<u>100</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 16 October 2003

J Dodd



Director

The notes on pages 11 to 15 form part of these financial statements.

LDS Family Services (UK) Limited

Financial statements for the year ended 31st December 2002

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations October 2000, the Statement of Recommended Practice "Accounting and Reporting by Charities" and under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

ACCOUNTING CONCEPT

The company's basis of accounting is that income is recorded on the accruals basis. Expenditure is recorded on a cash basis but modified for certain items of accrued expenditure. The effect of not preparing financial statements fully on the accruals basis is not considered by the directors to be material.

FRS 18

The directors have reviewed the accounting policies and confirmed that they are the most applicable.

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles	over 4 years
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Assets with a cost below £5,000 are not capitalised.

TURNOVER

Turnover represents the amount billed for services provided. The directors consider that an analysis of the turnover by class of business and geographical area is not appropriate and any other breakdown would be prejudicial.

CASH FLOW STATEMENT

No cash flow statement has been prepared as the company meets the small company exemption limit as defined by s247 of the Companies Act 1985.

LDS Family Services (UK) Limited

Financial statements for the year ended 31st December 2002

ACCOUNTING POLICIES

PENSION CONTRIBUTIONS

The costs of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs of providing such pensions.

For defined benefit schemes the regular cost of providing for pensions is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll; variations from the regular cost so calculated are allocated to the income and expenditure account over the average remaining service lives of employees.

The company has adopted the transitional arrangements of FRS17 "Retirement Benefits" for the year ended 31 December 2002. The disclosures required by this standard are shown in note 14. As permitted by its transitional arrangements, figures arising under the standard have not been reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2002

1 TURNOVER

The company's turnover and result before taxation were all derived from charitable work performed in connection with its principal activity.

The company's turnover was wholly earned within the United Kingdom.

2 RESULT FOR THE YEAR	2002 £	2001 £
This is stated after charging:-		
Depreciation on owned assets	7,537	16,944
Auditors' remuneration	2,937	2,927
Loss on disposal of tangible fixed assets	7,402	
	<hr/>	<hr/>

3 EMPLOYEES

	2002 No.	2001 No.
The average weekly number of persons (including directors) employed by the company during the year was:		
Directors	3	3
Counsellors	5	4
Office staff	2	2
	<hr/>	<hr/>
	10	9
	<hr/>	<hr/>
	2002 £	2001 £

Staff costs for the above persons:

Wages and salaries	160,228	159,359
Social security costs	11,402	14,172
Other pension costs	19,689	20,257
	<hr/>	<hr/>
	191,319	193,788
	<hr/>	<hr/>

No employee earned in excess of £50,000 during the year.

DIRECTORS REMUNERATION

None of the directors who served during the year ended 31 December 2002 received remuneration from this company, nor was any charge made to the company for their services by any other group company. Additionally no director received reimbursement for expenses incurred during the year.

LDS Family Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2002

4 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs £	Other £	Depreciation £	Total Costs £
Charitable expenditure	191,319	74,179	7,537	273,035

5 TANGIBLE FIXED ASSETS

	Motor Vehicles £
Cost	
1 January 2002	67,778
Disposals	(26,527)
Additions	15,097
31 December 2002	56,348
Accumulated Depreciation	
1 January 2002	46,416
Depreciation on vehicles sold	(16,454)
Charge for the year	7,537
31 December 2002	37,499
Net Book Value	
31 December 2002	18,849
31 December 2001	21,362

LDS Family Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

6	DEBTORS	2002	2001
		£	£
	Due within one year		
	Sundry debtors	31,979	24,646
		<u>31,979</u>	<u>24,646</u>
7	CREDITORS	2002	2001
		£	£
	Bank Overdraft	30,152	
	Balances due to group undertakings	14,902	44,432
	Accruals	5,875	5,053
		<u>50,929</u>	<u>49,485</u>
8	SHARE CAPITAL	2002	2001
		£	£
	Authorised		
	100 ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
	Allotted, issued and fully paid		
	100 ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS - UNRESTRICTED	2002	2001
		£	£
	Result for the financial year	-	-
	Opening shareholders' funds	100	100
		<u>100</u>	<u>100</u>
	Closing shareholders' funds	<u>100</u>	<u>100</u>

Shareholders' funds are entirely attributable to equity interests.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

10 ULTIMATE HOLDING COMPANY

The company is owned by LDS Family Services (Utah), a company incorporated in USA.

The ultimate holding companies and controlling parties are The Corporation of The President of The Church of Jesus Christ of Latter-day Saints and The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, corporations incorporated in the state of Utah in the United States of America.

Assurances of continued financial support have been received from The Corporation of The President of The Church of Jesus Christ of Latter-day Saints.

11 RELATED PARTY TRANSACTIONS

During the year the company received a subsidy of £127,410 from The Corporation of the President of the Church of Jesus Christ of Latter-day Saints. The balance due to The Corporation of The President of the Church of Jesus Christ of Latter-day Saints at the year end is disclosed in note 7 (balance due to group undertakings).

The company is provided with offices rent free by The Church of Jesus Christ of Latter-day Saints (Great Britain) a fellow subsidiary jointly owned by The Corporation of the President and The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints.

12 FUTURE FINANCE

The Corporation of the President of the Church of Jesus Christ of Latter-day Saints has confirmed that it will continue to provide the funds to support the company's future activities.

13 TAXATION

The company is a registered charity and as such is entitled to certain tax exemptions on income and profits carried on in furtherance of the charity's primary objectives, if the profits and surpluses are applied solely for charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2002

14 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The company participates in the Deseret UK Benefits Plan. This is a funded defined benefit multi-employer scheme in the United Kingdom.

A full actuarial valuation was carried out at 31 December 2001 and updated to 31 December 2002 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

The major assumptions adopted in this valuation were:-

	31 December 2002	31 December 2001
Rate of increase in salaries	3.90%	4.00%
Rate of increase of pensions in payment	2.40%	2.50%
Discount rate	5.50%	6.00%
Inflation	2.40%	2.50%

The assets of Deseret UK Benefit Plans and the expected rate of return were :-

	At 31 December 2002		At 31 December 2001	
	Return	£million	Return	£million
Equities	7.00%	8.83	7.00%	10.66
Bonds and Cash	4.21%	2.13	4.60%	1.92
Property	5.50%	0.33	6.00%	0.66
Total market value of assets		11.29		13.24
Actuarial value of liability		(18.29)		(14.70)
Deficit in the scheme		(7.00)		(1.46)

The charge for for pension costs in 2002 was £19,689 (2001:£20,257)

The company is unable to identify its share of the underlying assets and liabilities of the scheme. As a result the company's cost is based on pension contributions payable in accordance with advice of professionally qualified actuaries.

LDS FAMILY SERVICES (UK) LTD
TRUSTEES REPORT
For year ending 31.12.02

The year 2002 was a year of change for LDS Family Services (UK) Limited.

The adoption agency functions were reviewed by us carefully. This included a review of how to use employees and associated persons to best serve primarily personnel in the Church of Jesus Christ of Latter-day Saints. The cost was also considered of servicing the Agency and the Management Committee, and the time and complexity of complying with the detailed provisions of the UK Adoption Law. At the end of such review, it was considered that the time and expense involved were excessive for the benefit derived from continuing to operate an adoption agency by LDS Family Services (UK) Ltd. It was considered that existing local authority and private adoption agencies could serve LDS Family Services clientele as ably as could LDS Family Services.

In the circumstances, it was decided to terminate the operation of the adoption agency as at 30 September 2003.

The Trustees therefore resolved that the Adoption Agency would cease to operate as at 30 September 2003.

LDS Family Services (UK) Limited resolved that its primary function would be providing clinical services, the call for which continues to grow.

Child Protection continued to take a high priority, and the UK Child Protection Line was set up, and its use advertised throughout the existing clientele of the Agency.

The Agency will of course finalise all adoption work and will continue to use the West Midlands Post Adoption Services to assist with completion of all remaining adoption placement issues.

The Management Committee will be disbanded after the final adoption placement has been completed.

John Dodd
Trustee and Company Secretary
LDS Family Services (UK) Ltd